

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 22-10964 (MG)

(Jointly Administered)

**DECLARATION OF ROGER BARTLETT  
IN SUPPORT OF THE POST-EFFECTIVE DATE DEBTORS' OBJECTION TO THE  
MOTION SEEKING ENTRY OF AN ORDER (I) APPROVING FURTHER  
DISTRIBUTION UNDER THE PLAN OF REORGANIZATION FOR  
THE FALLER CREDITORS AND (II) GRANTING RELATED RELIEF**

I, Roger Bartlett, hereby declare under penalty of perjury, as follows:

1. I am the Head of Institutional Operations Solutions & Coinbase Treasury at Coinbase Inc. (together with its affiliates, "Coinbase"), a global provider of cryptocurrency and digital asset services to both retail and institutional customers. I submit this declaration in support of the *Post-Effective Date Debtors' Objection to the Motion Seeking Entry of an Order (I) Approving Further Distribution Under the Plan of Reorganization for the Faller Creditors and (II) Granting Related Relief*, filed contemporaneously herewith.

2. Unless otherwise indicated, the statements set forth in this Declaration are based upon (a) my personal knowledge, (b) information learned from my review of relevant documents, or (c) information I received from Coinbase personnel and the Coinbase team working under my supervision. Although Coinbase is compensated by the Debtors for the provision of distribution

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<sup>1</sup> The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Post-Effective Date Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

services in these chapter 11 cases, I am not being compensated separately for this Declaration or testimony.<sup>2</sup> If I were called upon to testify, I could and would competently testify to the facts set forth herein.

### **Distribution Process**

3. Coinbase is party to an agreement with the Debtors whereby Coinbase agrees to provide certain distribution services to the Debtors in connection with the chapter 11 cases (that agreement, together with all amendments, side letters, supplements, addendums, and related agreements, the “Celsius Prime Agreement,” and the addendum thereto regarding distribution services, the “Distribution Addendum”).

4. Pursuant to the Celsius Prime Agreement and the Distribution Addendum, Coinbase agrees, among other things, to distribute Supported Cryptocurrencies to eligible institutional creditors of the Debtors (such creditors “Institutional Creditors”) in Supported Jurisdictions in accordance with instructions issued by the Debtors, subject to certain conditions.

5. Prior to Coinbase’s engagement as distribution agent, the Debtors inquired as to Coinbase’s ability to onboard the 1900 institutional creditors set to receive distributions under their plan. Coinbase informed the Debtors that, in the time frame contemplated by the Distribution Addendum, it could feasibly onboard 100 new institutional creditors.

6. The Distribution Addendum does not authorize Coinbase to make distributions or take actions related to distributions without direct instructions from the Debtors. The Distribution

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<sup>2</sup> For the avoidance of doubt the Distribution Addendum provides that the Debtors “shall defend and indemnify and hold harmless Coinbase, its affiliates, and their respective officers, directors, agents, employees and representatives from and against any and all Claims and Losses arising out of or relating to Coinbase’s compliance with” any distribution instructions. Distribution Addendum § 2.

Addendum requires that such instructions be made in writing and in accordance with the terms of the Celsius Prime Agreement.<sup>3</sup>

7. As described above, Coinbase is only authorized to make distributions and take actions related to distributions at the direct instructions of the Debtors. Coinbase receives distribution instructions through a secure document delivery portal in a form prepared by Celsius. From March 1, 2024, to the present, the Debtors provided Coinbase with instructions to make test transactions or fulfill distributions to institutional creditors on 43 occasions.

8. Coinbase has complied with each of these instructions. More specifically, Coinbase carried out the first distribution of cryptocurrency to Institutional Creditors as instructed on March 7, 2024.

### **Onboarding Process**

9. Since 2012, Coinbase has been a global provider of cryptocurrency and digital asset services to both retail and institutional customers. Coinbase offers a variety of different services depending on the needs of particular classes of customers. One form of service Coinbase provides to its institutional customers is referred to as Coinbase Prime (“Prime”), which serves as the primary mechanism for distributions to Institutional Creditors.

10. Like all customers seeking to use Coinbase’s services, in order to receive Prime services, an institutional customer must initiate the process of establishing a Prime account and complete Coinbase’s Prime multistep onboarding process, which involves providing a wide range of information. The onboarding process is designed to ensure that Coinbase is able to provide Prime services to customers in compliance with applicable law and under terms and conditions that are mutually agreeable to Coinbase and the customer.

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<sup>3</sup> *Id.* § 2.

11. The first step of the onboarding process is the submission of an application and completion of Coinbase's know-your-customer ("KYC") and anti-money laundering ("AML") verification. That requires the customer to provide various documentation related to the customer's identity, business dealings, location, tax status, and principals, which is then used by Coinbase's operations and compliance team to ensure that Coinbase is dealing with the correct customer and that the relationship between Coinbase and that customer is not in violation of any applicable sanctions regimes, laws, or regulations. Different jurisdictions may offer different levels of complexity specific to AML/KYC requirements. The documentation and identity verification needed to fulfill these requirements varies.

12. The second step is the establishment of a Prime account. To establish a Prime account, institutional customers must enter into a Prime services agreement. That agreement outlines the terms of the Prime services, and depending on the institutional customer, may require the negotiation of a bespoke agreement.

13. In the context of these chapter 11 cases, after an Institutional Creditor completes the steps and meets the requirements outlined above, the Celsius Prime Agreement prohibits Coinbase from fulfilling a distribution instruction from the Debtors if the Institutional Creditor's account information does not match the information that the Debtors provide to Coinbase or if the creditor fails the pre-distribution verification process. To ensure that there is a match between the entity that has established a Prime account and the Institutional Creditor in the Debtors' instructions, Coinbase must compare information provided to Coinbase by the creditor with information in the Debtors' instructions. After Coinbase and the Debtors have confirmed that the creditor's Prime account matches the information in the Debtors' records, Coinbase must then wait for the Debtors to instruct Coinbase to issue a test transaction. The purpose of the test transaction

is to confirm the validity and accessibility of the creditor's wallet address. If the test transaction fails, or if there is a mismatch at an earlier stage of the pre-distribution process, Coinbase must wait for the Debtors to issue a new instruction before Coinbase can re-start the process with respect to that creditor. If the test transaction is successful, Coinbase must wait for the Debtors to issue a final distribution instruction before carrying out the distribution.

*[Remainder of page left blank intentionally]*

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: July 22, 2024.

DocuSigned by:



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Roger Bartlett